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The President's Daily Brief

November 4, 1974

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FOR THE PRESIDENT ONLY

November 4, 1974

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OIL PRICES

There is a good chance that the Shah of Iran's proposed single oil price system, or some variant, will be adopted when the OPEC oil ministers meet next month in Vienna.

Several other OPEC nations have advanced single price proposals, and the OPEC Working Committee on Oil Pricing has agreed to recommend a single price system to the ministers. If adopted, the system would probably go into effect during the first quarter of 1975.

The Shah's proposal, which he restated at a news conference on Saturday, would lower the posted price of light Arabian crude oil by about 14 percent. The posted price is used, however, only for accounting purposes. The Shah's proposal would not reduce the per-barrel revenues of the producing countries or lower the average cost of oil to consumers. The Shah recommends that company profits be restricted to ease the consumer burden.

The Shah also proposes an indexing scheme that would tie the price of oil to the prices of 20 or 30 selected commodities, a scheme virtually assuring that the price of oil to consumers would increase.

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EGYPT

US naval officers in Egypt saw more military activity in the areas of Ismailia and Cairo yesterday.

The officers reported that about 80 tanks seen last week on the outskirts of Ismailia were no longer there. They did see about a battalion of mechanized infantry in the Cairo area, engaged in a maneuver apparently intended to protect the international airport. They also observed for the first time in six months a concentration of amphibious vehicles and approximately 50 trucks with bridging equipment about 12 miles west of Ismailia.

According to Major General Nasser, the Egyptian director of intelligence, Egyptian forces "had been forced" to react to Israeli military preparations and were preparing to meet any situation. [redacted]

[redacted] that training is being emphasized and will continue, so long as the situation "warrants a state of vigilance."

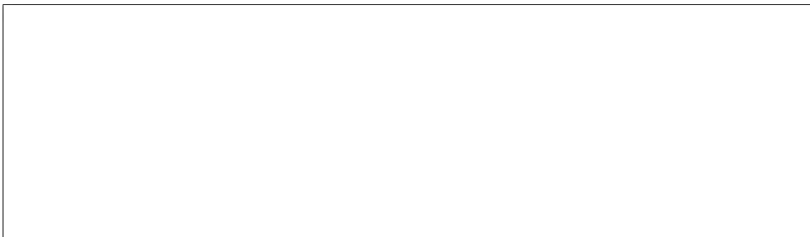
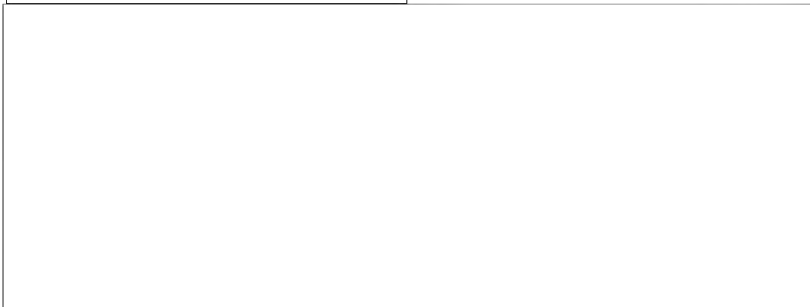
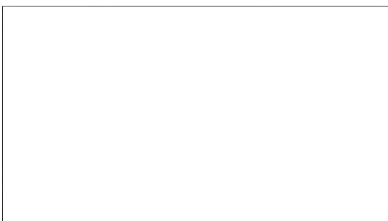
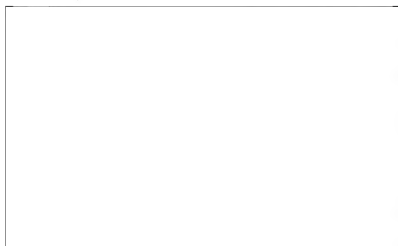
[redacted] would, however, "scrupulously adhere to the disengagement agreement." Predictably, he blamed Israeli rhetoric and military moves for increasing tension in the Middle East.

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LIBERIA



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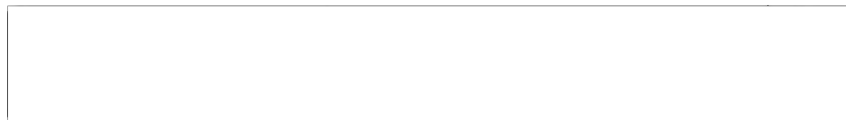
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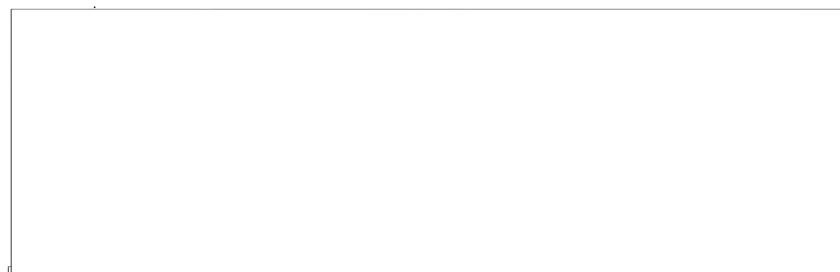
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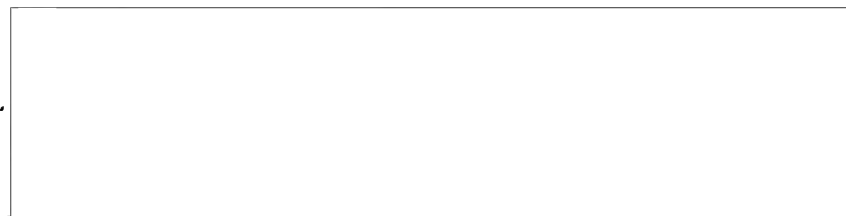
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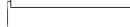
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MEXICO

The Mexican press corps and some government officials are scratching their heads over President Echeverria's announcement during his meeting with you that Mexico will stop insisting on a new bracero agreement with the US.

Echeverria's statement was not consistent with the government's position; a bracero agreement, which would legalize the large, illegal flow of Mexican workers across the border, had been the foremost bilateral issue for Mexican policymakers for many months. Foreign Minister Rabasa told Ambassador Jova that Echeverria's decision was his own and, in Rabasa's opinion, made for "mistaken reasons."

After your meeting, Mexican press reporting on Echeverria's charter of economic rights and duties of states was for a time misleading. The press at first interpreted Echeverria's highly optimistic comments to mean that the US would give the charter unequivocal support. Later articles more accurately reflected US reservations.

Mexico doubtless would like to settle differences with the US over the charter's section on nationalization of foreign properties, but it may not have control over the charter's final wording. Radical members of the Group of 77, the assemblage of nations drafting the document, apparently intend to push for the charter's adoption in the UN General Assembly this year, regardless of whether the US and other large states agree on the key articles.

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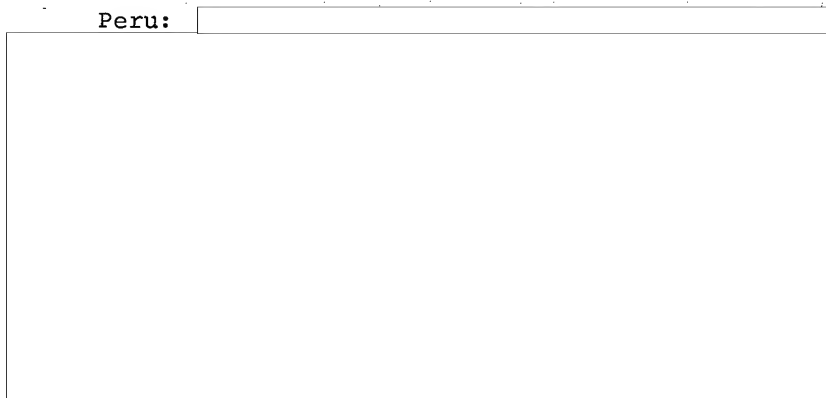
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Peru:



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